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ABSTRACT

The paper addresses issues concerned with increasing state interest in encouraging public institutions of higher education to demonstrate educational quality through outcomes assessment and reports on the development and implementation of Tennessee's program of performance funding. Emphasis is on guidelines contained within a 5-year performance funding program implemented in 1983. Standards were developed for five performance funding areas, including accreditation, program field evaluation, outcomes of the general education curriculum, referent group surveys, and planning for instructional improvement. A survey of 23 Tennessee institutions during the last year of the first funding cycle identified strengths and weaknesses associated with each of the funding areas, such as percentage of programs accredited, use of peer review, and use of a comprehensive field exam in major fields. Ninety-five percent of the institutions considered the impact of performance funding to be beneficial. The most favorable reactions were related to availability of improved institution-specific information from surveys, faculty involvement in test development, and the impetus to use the data in planning for improvement. The most negative reactions were related to the weight given to exam performance and the use of accreditation as an indicator of program quality. Includes 6 references. (DB)

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Tennessee's Performance Funding Policy: L' Enfant Terrible of Assessment at Age Eight

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A 1987 task force report issued by the State Higher Education Executive Officers (Mingle, 1987) contained the conclusion that "Certain common aims of higher education . . . should be subject to statewide assessment." In his Foreword to a 1987 report on a 50-state survey of statewide or systemwide approaches to assessment and outcomes measurement, Governor John Ashcroft of Missouri wrote, "Given my keen interest in improving college quality, as chairman-elect of the Education Commission of the States (ECS) I have identified assessment as one of my three priority issues for 1987-88." In implementing its authority to recognize accrediting agencies, the Department of Education proposed regulations in 1987 to require each accrediting agency to include outcomes assessment as a component of its criteria for program accreditation.

State interest in encouraging public institutions to demonstrate educational quality through outcomes

assessment has become one of the key issues in higher education in the 1980s. The ECS survey revealed that two-thirds of the states had taken steps to acquire from public institutions some evidence of their accountability for producing desired outcomes for students. According to the findings of a survey conducted by the American Council on Education (El-Khawas, 1987), in the spring of 1987 faculty and administrators on three-fourths of the nation's campuses were discussing assessment; half were developing assessment procedures; and 80 per cent expected to introduce some form of assessment in the next few years.

Initiation of Performance Funding in Tennessee

In the relatively recent history of state initiatives for the assessment and improvement of quality in higher education, Tennessee is a pioneer. During the past 17 years, the approach to funding public higher education in Tennessee has undergone gradual but substantial change with

impetus from a variety of different constituency groups, each with different motives. The executive legislative branches of government, the Tennessee Higher Education Commission (THEC), and public colleges and universities have sought to improve methods of appropriating funds for higher education by emphasizing quality of performance, seeking funding parity with institutions in other states, and earmarking funds for centers and chairs of excellence.

Historically, the instructional, academic support, student services, physical plant and institutional support components of the Tennessee higher education funding formula have been determined primarily by enrollments. Until the early 1980s, actual enrollment levels were multiplied by historical cost factors for each level and discipline to calculate the instructional funding component, which represents the largest portion of the funding recommendations for higher education provided by the THEC to the executive branch of government. This approach to funding perpetuated an inadequate funding base for higher education throughout most of the 1970s and into the early '80s.

As higher education enrollments in Tennessee stabilized and, in some instances, declined during the late 1970s, institutional and state officials realized that the problems inherent in an enrollment-driven, historical cost-based funding formula were becoming ever more apparent and acute. Concurrently, they recognized that enrollment stabilization presented an opportunity to focus on the improvement of education. Two major funding changes emerged from discussions among educational and political leaders across the state. First, historical cost factors were replaced as multipliers by standards developed through comparisons with

appropriate peer institutions. Second, a performance funding program emphasizing program assessment was adopted in October 1979, and implemented in the funding recommendations for Fiscal Year 1981.

Tennessee's original performance funding program, or Instructional Evaluation Schedule as it was formally designated, was developed by an inter-institutional committee and the THEC staff. The initial Schedule provided a set of guidelines outlining performance criteria under six variables and stipulated that an institution should describe its performance under each of the variables in an annual report to the THEC. The funding provision enabled each institution to request a supplement of up to two percent of its instructional budget on the basis of fulfilling the performance criteria.

The Schedule approved in 1979 was not favorably received by the Tennessee higher education community. Discussions during the budget hearings for FY 81 led to the convening of a second interinstitutional group that reexamined the Schedule and proposed revisions. In 1982, the Tennessee Higher Education Commission approved tightened guidelines and committed the State to a five-year performance funding program.

The criteria issued in November 1983 (THEC, 1983) provided for the awarding of points and appropriation of funds on the basis of performance in five areas:

1. The percentage of programs eligible for accreditation that were accredited.
2. The percentage of programs that had undergone peer review and/or administered to majors a comprehensive field exam within a five-year period. Maximum credit

for this standard was awarded if an exam was used and student performance improved over time or exceeded the performance of students in similar programs at comparable institutions.

3. Measurement of value added via the general education component of the curriculum using the American College Testing Program (ACT) College Outcome Measures Project (COMP) exam. Maximum credit was awarded if the performance of seniors improved over time or exceeded that of seniors at a group of comparable institutions.
4. Measurement of opinion concerning the quality of academic programs and services using surveys of enrolled students, alumni, community members and/or employers, and provision of evidence that findings had been used to suggest specific improvements.
5. Implementation of a campus-wide plan for instructional improvement based on information derived from the procedures described above as well as from other sources.

The Higher Education Commission assigned 100 points to these standards, with 25 awarded for full accomplishment of the first, 30 for the second, 25 for the third, and 10 each for the fourth and fifth. With the increase in specifications for obtaining the performance funding supplement came an increase in the amount of the supplement. In 1983, the annual appropriation for performance funding grew from two to five percent of the instructional component of the education and general budget; and in 1986, the Commission voted to continue performance funding for an additional five years.

Since becoming the first state to provide a financial stimulus for

public institutions to undertake assessment activities, Tennessee has been followed by a succession of others. In Virginia and New Jersey, competitive grants were made available in 1984 that served to encourage institutions in those states to design their own assessment programs. By 1987 the State Higher Education Council of Virginia was ready to make submission of an acceptable outcomes assessment plan a prerequisite for applying for supplemental state funding of any kind. In Colorado, a financial penalty has been proposed: In 1990 up to two percent of a public institution's budget may be withheld if it cannot provide evidence that it has initiated an outcomes assessment program.

To date, no state has adopted as detailed a prescription for institutional assessment as has Tennessee. Early critics charged that the policy was so intrusive that faculty would chafe under the requirements and Tennessee's *enfant terrible* would not survive. Criticisms of the performance funding criteria included the following claims:

1. Program accreditation is a flawed indicator of quality because historically it has been merely a measure of sufficiency in meeting objectives specified by the individual institution.
2. Prescribing use of specific standardized exams constitutes an abridgment of academic freedom. Moreover, such testing can trivialize the curriculum if faculty teach and students learn only the content of the designated exams.
3. Opinion data may be collected, at considerable cost to the institution in terms of time and effort, then the results largely ignored by decision-makers.

Despite these criticisms, Tennessee's performance funding policy has endured for eight years and its future is assured for at least five more. At this juncture it seems appropriate to assess the impact of this policy on the institutions subject to it: four technical institutes, ten community colleges, eight regional universities and a research university.

Survey of Institutions Subject to Performance Funding

In the last year of the first performance funding cycle, the authors wrote to the presidents of each of Tennessee's publicly supported institutions and asked that they work with the person most knowledgeable about their campus assessment program in responding to a detailed set of items in a nine-page questionnaire. Replies were received each of the 23 campuses. These are summarized below in sections characterizing the strengths and weaknesses associated with each of the five performance funding criteria.

Accreditation

Performance funding resulted in an increase in the percentage of programs accredited on more than half of Tennessee's campuses. Most believed the long-range impact of seeking accreditation for the additional programs would be positive. But two objections to accreditation were cited: 1) the criteria of an accrediting body may not be congruent with the mission of the institution or with the objectives of the program to which they apply; therefore, 2) accreditation may cause resources to be directed toward a given program when the institution's purposes would be better served by an investment in another area.

Program Field Evaluation

The number of institutions administering comprehensive exams in major fields increased dramatically in response to the performance funding initiative. By the end of the first five-year cycle, all institutions had tested majors in at least 80 percent of the programs offered. One institution used locally-developed exams exclusively; all others employed a combination of standardized and locally-developed tests. Of the 17 institutions expressing a preference, 59 percent favored locally-developed tests and 41 percent preferred externally-validated instruments. Faculty developing their own criterion-referenced exams profited from their involvement in the process and learned more about specific program strengths and weaknesses. Those using standardized exams felt more confident about the results obtained because the exams were of proven reliability and validity and offered norms for comparison.

Outcomes of the General Education Curriculum

All four-year institutions and community colleges administered the ACT COMP exam to students completing the general education curriculum. Seventy percent of the institutions favored continued use of the COMP, though few had found it useful in suggesting specific reforms in the general education program.

In fulfilling this criterion, community colleges and technical institutes could conduct and report the results of followup surveys of graduates designed to ascertain their employment status. Prior to 1979 most of these institutions were conducting followup surveys, but in response to performance funding guidelines, three-fourths made changes in their survey procedures.

Consequently, more detailed surveys were administered more often to a more systematically determined sample of graduates, and more efforts were made to use the results to improve institutional programs and services.

Referent Group Surveys

The presence of this criterion in the performance funding guidelines stimulated additional interest in the systematic collection of data via surveys. More referent groups were surveyed more often with more detailed instruments than was the case before performance funding was implemented. Moreover, since the criterion specified that the survey information be used to focus program improvement efforts, both faculty and administrators took the surveys seriously and were guided by the findings. Twenty of the 23 institutions reported that the benefits of using the surveys outweighed their costs in terms of time and effort. This criterion drew more favorable comment than any other.

Planning for Instructional Improvement

Nearly 40 percent of Tennessee's colleges and universities had instituted a comprehensive institutional planning process prior to 1979. With the advent of performance funding, all states public institutions implemented a campus-wide plan for instructional improvement. In most institutions, the fifth performance funding criterion played a major role in shaping the academic planning process. Several survey respondents considered the planning criterion the most important of all--the heart of the performance funding program--since it insured that the collection of assessment data would not become an end in itself. They believed the collected data would be

used to improve campus programs and services.

Conclusions

In studying the questionnaire responses of the Tennessee presidents, one is impressed by the long list of positive institutional achievements that were stimulated by a policy initially viewed by its critics as a threat to institutional autonomy and academic freedom. Ninety-five percent of Tennessee's postsecondary institutions considered the impact of performance funding to be beneficial. Even the one institution that reported an overall negative impact described positive actions taken in response to at least one of the performance funding criteria.

The most favorable reactions expressed were related to the availability of improved institution-specific information from surveys, faculty involvement in test development, and the impetus to use the performance funding data in planning for improvement. Institutions were not favorably inclined toward the use of accreditation as an indicator of program quality, but the most negative reactions were related to the weight given to exams in general education and in the major that were not considered by the faculty to be valid for assessing their curricula. The ACT COMP exam is, according to the test developers, a test of "effective adult functioning," and institutions have not found it to be particularly useful in suggesting specific reforms in general education curricula. Moreover, standardized exams in major fields may be useful in providing extra-institutional data for comparative purposes but are not likely to be congruent with all of a given faculty's objectives for student development. This fact and the absence of detailed information

about student performance make it very difficult to base program improvements on the results of most standardized tests.

These findings suggest that, at least in Tennessee, performance funding has proven to be a viable policy for assessing the status of programs in meeting their objectives for student development and in stimulating activities designed to improve programs and services. The factors that appear to have contributed to the survival of the policy during its early phases include the following:

1. Assessment activities were voluntary; institutions were rewarded rather than penalized for undertaking an assessment program.
2. Performance funding was a supplement to each institution's budget rather than a deduction from it. Moreover, since the dollar equivalent of five percent of its instructional budget was set aside for each institution, there was no need for colleges to compete with each other for shares.
3. The supplement was sufficiently large to encourage institutions to overcome barriers, both internal and external, to participation in assessment activities.
4. Institutional representatives participated in formulating the guidelines.

5. Institutions were granted sufficient time--almost eight years--to phase in assessment activities, consolidate data from several sources, and use the results in improving programs.

6. The policy guidelines stimulated institutional creativity. Encouragement was provided for colleges to develop their own survey instruments, exams, and plans for improvement.

7. The guidelines avoided placing undue emphasis on the levels of test scores, which are strongly influenced by innate ability, by also rewarding evidence of student growth toward objectives for development specified by each institution.

Survey respondents were asked to suggest changes for the performance funding guidelines that would govern a new five-year cycle. The presidents asked for less emphasis on accreditation and levels of test scores, more flexibility in selecting measures of achievement in general education, and more credit for use of survey information, and for actions taken to improve programs and services.

Given its success to date, state leaders considering initiatives to encourage institutions to undertake assessment activities could benefit from studying the history, strengths, and suggestions for modification of Tennessee's performance funding program.

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